

TOWNSHIP OF ISHPEMING, MICHIGAN
FINANCIAL STATEMENTS
For the Year Ended March 31, 2005

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Ishpeming Township	County Marquette
Audit Date 3/31/05	Opinion Date 4/17/5	Date Accountant Report Submitted to State: 8/15/5	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Anderson, Tackman & Co, P.C.			
Street Address 102 W. Washington St. Suite 109	City Marquette	State MI	ZIP 49855
Accountant Signature Michael C. [Signature] CPA			

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ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE
WISCONSIN
GREEN BAY
MILWAUKEE

INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of
the Township Board of Trustees
1575 US Highway 41, West
Township of Ishpeming, Michigan, 49849

We have audited the accompanying financial statements of the governmental activities, business-type activities, major funds, and remaining fund information, of the Township of Ishpeming, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, major funds and remaining fund information of the Township of Ishpeming, Michigan at March 31, 2005, and the changes in financial position and cash flows, where applicable, of those activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information on page 5 through 10 and 35 through 36 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Supervisor and Members of
the Township Board of Trustees
1575 US Highway 41, West
Township of Ishpeming, Michigan 49849

In accordance with *Government Auditing Standards*, we have also issued a separate report to management dated June 17, 2005 on our consideration of the Township of Ishpeming, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Ishpeming, Michigan's basic financial statements. The schedules listed as additional information in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Township of Ishpeming, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 17, 2005

Township of Ishpeming, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Ishpeming's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2005. Please read it in conjunction with the financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- ▶ Net assets for the Township as a whole increased by \$94,992 as a result of this year's operations. Net assets of our business-type activities increased by \$22,160 or 1 percent, and net assets of our governmental activities increased by \$72,832, or 3 percent.
- ▶ During the year, the Township had expenses for governmental activities that were \$821,972 and expenses for business type activities that were \$530,062.
- ▶ The General Fund reported a net fund balance of \$1,030,889. Net income was \$143,710 higher than the forecasted decrease of \$124,023.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net* assets and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-Type Activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Wastewater Treatment Fund and Water Fund are reported here.

Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 7. The fund financial statements begin on page 16 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- ▶ **Governmental funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term* view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between *governmental activities* (reported in the Statement of Net Assets and Statement of Activities) and *governmental funds* in a reconciliation which follows the fund financial statements.
- ▶ **Proprietary funds** – When the Township charges customers for the services it provides – whether to outside customers or to other units of the Township – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The Township as Trustee

- The Township is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 20. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Township as a Whole

Table I provides a summary of the Township's net assets as of March 31, 2005 and 2004.

TABLE 1
NET ASSETS

	Governmental Activities - 2005	Business-Type Activities - 2005	Total Primary Government - 2005	Total Primary Government - 2004
Current and other assets	\$1,830,759	\$1,429,086	\$3,259,845	\$3,393,799
Capital assets, net	831,214	2,914,515	3,745,729	3,561,881
Total Assets	2,661,973	4,343,601	7,005,574	6,955,680
Current liabilities	69,146	44,095	113,241	124,661
Non-current liabilities	146,438	-	146,438	180,413
Total Liabilities	215,584	44,095	259,679	305,074
Net Assets:				
Invested in capital assets, net of related debt	831,214	2,914,515	3,745,729	3,509,776
Restricted	-	-	-	-
Unrestricted (deficit)	1,615,175	1,384,991	3,000,166	3,140,830
Total Net Assets	\$2,446,389	\$4,299,506	\$6,745,895	\$6,650,606

Net assets of the Township's governmental activities stood at \$2,446,389. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$1,615,175.

The \$1,615,175 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$4,299,506. The Township can generally only use these net assets to finance continuing operations of the Water and Sewer System operations.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2005 and 2004.

Table 2
Statement of Activities

	Governmental Activities - 2005	Business-Type Activities - 2005	Total Primary Government - 2005	Total Primary Government - 2004
Revenues				
Program Revenues:				
Charges for services	\$239,454	\$498,944	\$738,398	\$703,445
Operating Grants and Contributions	-	16,732	16,732	40,479
General Revenues:				
Property taxes	270,446	-	270,446	257,489

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

	Governmental Activities - 2005	Business-Type Activities - 2005	Total Primary Government - 2005	Total Primary Government - 2004
State Sources	266,895	-	266,895	333,546
Interest and Miscellaneous	118,009	36,546	154,555	138,406
Total Revenues	894,804	552,222	1,447,026	1,473,365
Program Expenses:				
Legislative	6,513	-	6,513	6,295
Elections	4,657	-	4,657	62
General Services and Administration	204,075	-	204,075	181,497
Public Safety	208,889	-	208,889	149,241
Public Works	214,267	-	214,267	310,806
Community & Economic Development	12,919	-	12,919	7,785
Recreation and Culture	8,825	-	8,825	5,593
Other	161,827	-	161,827	118,986
Unallocated depreciation	-	-	-	64,030
Water	-	165,575	165,575	181,466
Sewer	-	364,487	364,487	277,770
Total Expenses	821,972	530,062	1,352,034	1,303,531
Excess (deficiency) before transfers	72,832	22,160	94,992	169,834
Transfers	-	-	-	-
Increase (decrease) in net assets	72,832	22,160	94,992	169,834
Net assets, beginning, as restated	2,373,557	4,277,346	6,650,903	6,480,772
Net Assets, Ending	\$2,446,389	\$4,299,506	\$6,745,895	\$6,650,606

The Township's total revenues were \$1,447,026. The total cost of all programs and services was \$1,352,034, leaving an increase in net assets of \$94,992. Our analysis below separately considers the operations of governmental and business-type activities:

Governmental Activities

The net assets of the Township's governmental activities increased \$72,832 for the year ended March 31, 2005.

This was from Governmental fund net loss of \$223,676 (describe under governmental funds), reclassifying Capital Outlay from expenditures to fixed assets of \$363,119, recording depreciation expense of \$64,030, reclassifying principal payments from expenditures to long term liabilities of \$16,933 and record compensated absence liability expense of \$19,514.

Business-type Activities

During the year ended March 31, 2005, the net assets of the Township's business type activities increased by \$22,160.

Charging revenue for the bond principal payment which reflects as revenue with no expense but paying of a liability creating net income.

THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 13 reported a combined fund balance of \$1,798,169, a decrease of \$223,676 from the beginning of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The main reason for the decrease is because of the Fire Hall addition which was planned and saved for. The cost for the addition was greater than the engineer's estimated cost.

General Fund Budgetary Highlights

Over the course of the year, the Township Board did not revise the budget.

The reason for not amending the budget was at the end of the year we did not feel it was necessary. However, after year-end we received several accounts payable that put us over budget.

Revenues were \$38,382 greater than our budget.

The extra revenue of \$38,382 is difficult to estimate as the interest rate on our money in the bank is usually underestimated so we do not over spend the General Fund. This was under estimated by \$10,000 and other revenue was underestimated by \$23,000. This was the area of the biggest discrepancy.

Originally we thought we would have to use prior year balances to balance the expenditures but we under spent the budget by \$55,328. We collected more revenue than we expended.

With these adjustments, actual charges to expenditures were \$31,811 more than the final amended budget. Conversely, revenues were \$92,061 more than the final budget projection.

The expenditures were \$55,328 less than over budget.

The total amount expended in the General Fund was \$55,328 less than we estimated. We budgeted for the worst case and try to under spend, which we did.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2005 and 2004, the Township had \$1,472,461 and \$3,561,881 invested in a variety of capital assets including land, buildings, and other equipment. (See table 3 below)

Table 3
Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities - 2005	Business-Type Activities - 2005	Totals - 2005	Totals - 2004
Land	\$ -	\$ -	\$ -	\$ 20,147
Land improvements	-	-	-	77,691
Buildings and improvements	597,883	629,518	1,227,401	3,189,202
Equipment and furnishings	233,331	11,729	245,060	274,841
	<u>\$ 831,214</u>	<u>\$ 641,247</u>	<u>\$ 1,472,461</u>	<u>\$ 3,561,881</u>

The Township recorded \$121,977 is depreciation expense for the year, Reclassified investment in wastewater treatment plant from fixed asset to long-term asset of \$2,330,562, constructed a fire hall addition for \$337,808 and purchases two township vehicles, a pickup truck for \$18,818 and a used fire truck for \$6,493.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Debt

At year-end of fiscal year 2005 and 2004, the Township had debt of \$110,305 and \$179,343. (See table 4 below). Refer to the footnotes for detail breakout and explanation of the Township Long-Term Debt.

Table 3
Debt at Year-End

	Governmental Activities – 2005	Business-Type Activities – 2005	Totals – 2005	Totals – 2004
Bonds Payable	<u>\$110,305</u>	<u>\$ -</u>	<u>\$110,305</u>	<u>\$179,343</u>
Totals	<u>\$110,305</u>	<u>\$ -</u>	<u>\$110,305</u>	<u>\$179,343</u>

The Township has \$69,038 in principal payments for the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the Township's budgets for year ending 2005, we took last year's actual numbers and added a three percent increase across the board. We also have planned for a decrease in expenditures due to an addition being added onto the Fire Department in the prior year and the construction of new bathrooms in the recreation area.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Ishpeming, 1575 U.S. Highway 41 West, Ishpeming, Michigan 49849.

Township of Ishpeming, Michigan

STATEMENT OF NET ASSETS

March 31, 2005

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 1,389,541	\$ 1,346,575	\$ 2,736,116
Receivables (net)	416,534	73,220	489,754
Prepaid Expense	24,684	9,291	33,975
TOTAL CURRENT ASSETS	1,830,759	1,429,086	3,259,845
Non-current assets:			
Investment in IAWTF	-	2,273,268	2,273,268
Capital assets	2,029,885	2,407,635	4,437,520
Accumulated depreciation	(1,198,671)	(1,766,388)	(2,965,059)
Total Capital Assets	831,214	641,247	1,472,461
TOTAL NON-CURRENT ASSETS	831,214	2,914,515	3,745,729
TOTAL ASSETS	2,661,973	4,343,601	7,005,574
LIABILITIES:			
Current Liabilities:			
Accounts payable	28,611	42,000	70,611
Accrued liabilities	3,979	2,095	6,074
Deferred revenue	-	-	-
Accrued interest	-	-	-
Current portion of bonds payable	18,384	-	18,384
Other current compensated	18,172	-	18,172
TOTAL CURRENT LIABILITIES	69,146	44,095	113,241
Non-current Liabilities:			
Compensated absences	54,517	-	54,517
Bonds payable	91,921	-	91,921
TOTAL NON-CURRENT LIABILITIES	146,438	-	146,438
TOTAL LIABILITIES	215,584	44,095	259,679
NET ASSETS			
Invested in capital assets net of related debt	831,214	2,914,515	3,745,729
Restricted for:			
Debt Service	-	-	-
Unrestricted	1,615,175	1,384,991	3,000,166
TOTAL NET ASSETS	\$ 2,446,389	\$ 4,299,506	\$ 6,745,895

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended March 31, 2005

Function / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business Type Activities
Primary Government:						
Governmental Activities:						
Legislative	\$ 6,513	\$ -	\$ -	\$ -	\$ (6,513)	\$ -
Elections	4,657	-	-	-	(4,657)	-
General services and administration	204,075	-	-	-	(204,075)	-
Public safety	206,889	46,588	-	-	(162,301)	-
Public works	214,267	192,866	-	-	(21,401)	-
Community and economic development	12,919	-	-	-	(12,919)	-
Recreation and culture	8,825	-	-	-	(8,825)	-
Other	161,827	-	-	-	(161,827)	-
Unallocated depreciation	-	-	-	-	-	-
Total Governmental Activities	821,972	239,454	-	-	(582,518)	-
Business Type Activities:						
Water System	165,575	201,757	940	-	-	37,122
Sewer System	364,487	297,187	15,792	-	-	(51,508)
Total Business Type Activities	530,062	498,944	16,732	-	-	(14,386)
TOTAL PRIMARY GOVERNMENT	\$ 1,352,034	\$ 738,398	\$ 16,732	\$ -	(582,518)	(596,904)
					Net (Expense) Revenue and Changes in Net Assets	
					Governmental Activities	Business Type Activities
					\$ (6,513)	\$ -
					(4,657)	-
					(204,075)	-
					(162,301)	-
					(21,401)	-
					(12,919)	-
					(8,825)	-
					(161,827)	-
					-	-
					(582,518)	-
					-	-
					-	37,122
					-	(51,508)
					-	(14,386)
					(582,518)	(14,386)
					(596,904)	-
					270,446	270,446
					266,895	266,895
					53,567	90,113
					64,442	64,442
					-	-
					655,350	36,546
					691,896	691,896
					72,832	22,160
					94,992	94,992
					2,373,557	4,277,346
					6,650,903	6,650,903
					\$ 2,446,389	\$ 4,299,506
					\$ 6,745,895	\$ 6,745,895

General Revenues:

Taxes	270,446
Unrestricted State sources	266,895
Interest and investment earnings	53,567
Miscellaneous	64,442
Transfers	-

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET ASSETS

Net assets, beginning of year,

NET ASSETS, END OF YEAR

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2005

ASSETS

	General Fund	Fire Department Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash and investments	\$ 750,508	\$ 33,370	\$ 605,663	\$ 1,389,541
Receivables	83,300	21,320	17,615	122,235
Prepaid expense	20,239	4,445	-	24,684
Due from other funds	209,432	121,570	23,297	354,299
TOTAL ASSETS	\$ 1,063,479	\$ 180,705	\$ 646,575	\$ 1,890,759

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$ 28,611	\$ -	\$ -	\$ 28,611
Accrued payroll and related	3,979	-	-	3,979
Due to other funds	-	60,000	-	60,000
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	32,590	60,000	-	92,590

FUND BALANCE:

Unreserved:	1,030,889	120,705	646,575	1,798,169
TOTAL FUND BALANCE	1,030,889	120,705	646,575	1,798,169
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,063,479	\$ 180,705	\$ 646,575	\$ 1,890,759

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

March 31, 2005

Total Fund Balances for Governmental Funds

\$ 1,798,169

*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds

Cost of Capital Assets	2,029,885	
Accumulated Depreciation of Assets	<u>(1,198,671)</u>	831,214

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	\$ 18,384	
Current portion of compensated absences	18,172	
Compensated absences	54,517	
Bonds payable	<u>91,921</u>	

NET ASSETS OF GOVERNMENTAL ACTIVITIES

	(182,994)
\$	<u><u>2,446,389</u></u>

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended March 31, 2005

	General Fund	Fire Department Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 111,464	\$ 133,356	\$ 25,626	\$ 270,446
State sources	266,895	-	-	266,895
Charges for services	192,866	46,588	-	239,454
Interest	24,212	7,918	21,437	53,567
Other	34,095	11,912	18,435	64,442
TOTAL REVENUES	629,532	199,774	65,498	894,804
EXPENDITURES:				
Current operations:				
Legislative	6,513	-	-	6,513
Elections	4,657	-	-	4,657
General services and administration	183,849	-	-	183,849
Public safety	57,999	460,666	-	518,665
Public works	195,108	-	27,442	222,550
Health and welfare	-	-	-	-
Community and economic development	12,919	-	-	12,919
Recreation and culture	7,274	-	226	7,500
Other	141,526	-	-	141,526
Capital outlay	-	-	20,301	20,301
Debt service	-	-	-	-
TOTAL EXPENDITURES	609,845	460,666	47,969	1,118,480
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	19,687	(260,892)	17,529	(223,676)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
CHANGE IN FUND BALANCE	19,687	(260,892)	17,529	(223,676)
Fund balance, beginning of year	1,011,202	381,597	629,046	2,021,845
FUND BALANCE, END OF YEAR	\$1,030,889	\$ 120,705	\$ 646,575	\$ 1,798,169

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2005

Net Change in Fund Balances - Total Governmental Funds

\$ (223,676)

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays
Depreciation expense

\$ 363,119
(64,030)

299,089

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(19,514)

Repayment of loan principal is an expenditure in the governmental funds but repayment reduces long-term liabilities in the statement of net assets.

16,933

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 72,832

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2005

	Business - Type Activities Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
ASSETS:			
Current Assets:			
Cash and investments	\$ 599,571	\$ 747,004	\$ 1,346,575
Accounts receivable, net	30,201	43,019	73,220
Due from other funds	-	-	-
Prepaid expense	2,477	6,814	9,291
TOTAL CURRENT ASSETS	632,249	796,837	1,429,086
Non-current Assets:			
Investment in IAWTF	-	2,273,268	2,273,268
Capital assets	1,130,175	1,277,460	2,407,635
Accumulated depreciation	(837,052)	(929,336)	(1,766,388)
TOTAL NON-CURRENT ASSETS	293,123	2,621,392	2,914,515
TOTAL ASSETS	\$ 925,372	\$ 3,418,229	\$ 4,343,601
LIABILITIES:			
Current Liabilities:			
Accounts payable	-	-	-
Accrued liabilities	1,059	1,036	2,095
Due to other funds	23,000	19,000	42,000
Accrued interest payable	-	-	-
Current portion of long-term debt	-	-	-
TOTAL CURRENT LIABILITIES	24,059	20,036	44,095
Non-current Liabilities:			
Bond payable	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	24,059	20,036	44,095
NET ASSETS:			
Invested in capital assets net of related debt	293,123	2,621,392	2,914,515
Restricted - debt service	-	-	-
Unrestricted	608,190	776,801	1,384,991
TOTAL NET ASSETS	\$ 901,313	\$ 3,398,193	\$ 4,299,506

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended March 31, 2005

	Water System Fund	Business - Type Activities Enterprise Funds Sewer System Fund	Total
OPERATING REVENUES:			
Charges for services (net)	\$ 201,757	\$ 297,187	\$ 498,944
Other operating revenue	940	15,792	16,732
TOTAL OPERATING REVENUES	202,697	312,979	515,676
OPERATING EXPENSES:			
Operating expenses	137,669	264,473	402,142
Depreciation	27,906	30,041	57,947
TOTAL OPERATING EXPENSES	165,575	294,514	460,089
OPERATING INCOME (LOSS)	37,122	18,465	55,587
NON-OPERATING REVENUES (EXPENSES):			
Investment income	16,838	19,708	36,546
Gain (loss) on investment in IAWTF	-	(57,294)	(57,294)
Interest expense	-	(12,679)	(12,679)
TOTAL NON-OPERATING REVENUES (EXPENSES)	16,838	(50,265)	(33,427)
INCOME (LOSS) BEFORE TRANSFERS	53,960	(31,800)	22,160
CHANGE IN NET ASSETS	53,960	(31,800)	22,160
Net assets, beginning of year	847,353	3,429,993	4,277,346
NET ASSETS, END OF YEAR	\$ 901,313	\$ 3,398,193	\$ 4,299,506

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended March 31, 2005

	Business -Type Activities Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 180,926	\$ 291,485	\$ 472,411
Other operating revenues	904	15,792	16,696
Cash payments to employees for services	(71,888)	(67,658)	(139,546)
Cash payments to suppliers for goods and services	(67,187)	(203,078)	(270,265)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	42,755	36,541	79,296
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash payments for capital assets	-	-	-
Investment in IAWTF	-	-	-
Interest payments on bonds	-	(12,679)	(12,679)
Principal payments on bonds	-	(52,108)	(52,108)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(64,787)	(64,787)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	16,838	19,708	36,546
(Additions) deductions to board designated and restricted assets	-	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	16,838	19,708	36,546
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	59,593	(8,538)	51,055
Cash and cash equivalents, beginning of year	539,978	755,542	1,295,520
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 599,571	\$ 747,004	\$ 1,346,575
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 37,122	\$ 18,465	\$ 55,587
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	27,906	30,041	57,947
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(20,831)	(5,702)	(26,533)
(Increase) decrease in prepaid expense	(211)	771	560
(Increase) decrease in due from funds	3,734	3,668	7,402
Increase (decrease) in accrued interest	-	(4,847)	(4,847)
Increase (decrease) in accounts payable	(2,532)	-	(2,532)
Increase (decrease) in accrued liabilities	(2,433)	(5,855)	(8,288)
NET ADJUSTMENTS	5,633	18,076	23,709
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 42,755	\$ 36,541	\$ 79,296

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

March 31, 2005

	<u>Agency Funds</u>
ASSETS:	
Cash and investments	\$ 254,957
Due from other funds	-
	<hr/>
TOTAL ASSETS	<u><u>\$ 254,957</u></u>
LIABILITIES:	
Due to other funds	\$ 252,299
Due to others	2,658
	<hr/>
TOTAL LIABILITIES	<u><u>\$ 254,957</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ISHPEMING, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

(1) REPORTING ENTITY

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. The Township's Wastewater Treatment Facility and Water Fund are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS:

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- ▶ The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- ▶ The **Fire Fund** accounts for the activity related to the Fire Department.

The Township reports the following major proprietary funds:

- ▶ The **Sewer System Fund** accounts for the management of wastewater treatment services including billing, maintenance and construction.
- ▶ The **Water System Fund** accounts for the management of water services, including billing, maintenance and construction.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

(3)BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

FINANCIAL STATEMENT AMOUNTS

Budgets and Budgetary Accounting – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
 - 1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
 - 2. The following considerations must be reviewed in determination of transfer approvals.
 - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the Township?
 - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.
- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Trustees, i.e.,

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.

- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

Cash Equivalents and Investments - For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 years
Building, structures and improvements	40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

Long-Term Liabilities: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Property Taxes – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

Deferred Revenues – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Interfund Activity – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE B – DEPOSITS AND INVESTMENTS:

The composition of cash and investments as reported in the combined balance sheet is presented below:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Investments:			
Unrestricted	\$2,736,116	\$254,957	\$2,991,073
Restricted	-	-	-
TOTAL	<u>\$2,736,116</u>	<u>\$ 254,957</u>	<u>\$ 2,991,073</u>
Composition of Balances:			
Checking	\$ 14,282	\$ 7,658	\$ 21,940
Money Market	1,708,753	247,299	1,956,052
Certificate of Deposit	863,827	-	863,827
Government STRIPS	148,654	-	148,654
Imprest cash	600	-	600
TOTAL	<u>\$2,736,116</u>	<u>\$254,957</u>	<u>\$2,991,073</u>

Act 196, PA 1997, authorized the Township to deposit and invest in:

- Bonds, securities, and other direct obligations of the United States or its agencies.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptance of United States banks.
- Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

- g. Obligation of the State of Michigan or its political subdivisions which are rated investment grade.
- h. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Deposits

At year-end, the carrying amount of the Township's deposits was \$21,940 and the bank balance was \$73,676. Of the bank balance, \$73,676 was covered by federal depository insurance according to FDIC regulations.

These deposits are in various financial institutions in varying amounts. All accounts are in the name of the Township and specific funds. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

NOTE C – INTERFUND BALANCES:

A summary of interfund receivable and payables are:

All Interfund balance from Fiduciary Funds is related to property taxes disbursements not record as of the year end. The \$60,000 Interfund from the General Fund to the Fire Fund is a short term loan for the Fire Hall Addition and the Interfund between the General Fund and Water/Sewer Funds are for payroll taxes in the current to be reimbursed for \$42,000.

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
PRIMARY GOVERNMENT:			
General	\$209,432	Fire	\$ 60,000
		Water	23,000
		Sewer	19,000
		Fiduciary Fund	107,432
Fire	121,570	Fiduciary Fund	121,570
Non-major Special Revenues	23,297	Fiduciary Fund	23,297
	<u>\$354,299</u>		<u>\$354,299</u>

NOTE D – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

	<u>Balance at April 1, 2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at March 31, 2005</u>
GOVERNMENTAL ACTIVITIES:				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets, not being depreciated	-	-	-	-
Buildings and improvements	618,000	337,808	-	955,808
Furniture and equipment	1,048,766	25,311	-	1,074,077
Total Capital Assets, being depreciated	<u>1,666,766</u>	<u>363,119</u>	-	<u>2,029,885</u>

NOTE D – CAPITAL ASSETS (Continued):

	Balance at April 1, 2004	Additions	Disposals	Balance at March 31, 2005
Less Accumulated Depreciation:				
Buildings and improvements	\$ (342,475)	\$ (15,450)	\$ -	\$ (357,925)
Furniture and equipment	(792,166)	(48,580)	-	(840,746)
Total Accumulated Depreciation	(1,134,641)	(64,030)	-	(1,198,671)
Governmental Activities Capital Assets, Net	<u>\$ 532,125</u>	<u>(\$64,030)</u>	<u>\$ -</u>	<u>\$ 831,214</u>

Depreciation expenses for the governmental activities were charged to the following functions and activities of the primary government:

General Government	\$19,530
Public Works	8,650
Public Safety	34,525
Recreation and Culture	1,325
Total	<u>\$64,030</u>

A summary of changes in business-type activities capital assets is as follows:

	Balance at April 1, 2004	Additions	Disposals	Balance at March 31, 2005
BUSINESS-TYPE ACTIVITIES:				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets, not being depreciated	-	-	-	-
Buildings and improvements	2,290,367	-	-	2,290,367
Equipment	117,268	-	-	117,268
Total Capital Assets, being depreciated	2,407,634	-	-	2,407,635
Less Total Accumulated Depreciation	(1,708,441)	(57,947)	-	(1,766,388)
Business Type Activities Capital Assets, Net	<u>\$699,194</u>	<u>\$(57,947)</u>	<u>\$ -</u>	<u>\$ 641,247</u>

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activities:	
Water System	\$27,906
Sewer System	30,041
Total Depreciation Expense – Business-Type Activities	<u>\$57,947</u>

NOTE E – LONG-TERM DEBT:

SCHEDULE OF MARQUETTE COUNTY SOLID WASTE MANAGEMENT BONDS March 31, 2005

	November 1	May 1		
	Interest	Interest	Principal	Total
2006	\$3,362	\$ 3,861	\$ 18,384	\$ 25,607
2007	2,322	3,338	20,320	25,980
2008	1,754	2,310	21,770	25,834
2009	653	1,742	23,706	26,101
2010	-	652	26,125	26,777
TOTALS	<u>\$8,091</u>	<u>\$11,903</u>	<u>\$110,305</u>	<u>\$130,299</u>

NOTE E – LONG-TERM DEBT (Continued):

The Township of Ishpeming is obligated to reimburse Marquette County Solid Waste Management Authority a proportional share of the debt service costs associated with bonds issued to construct the Solid Waste Disposal System located in Marquette County. A schedule of the Township's required payments is as follows:

	<u>April 1, 2004</u>	<u>Additions</u>	<u>Subtractions</u>	<u>March 31, 2005</u>
Governmental Activities:				
Landfill Bond	<u>\$127,238</u>	<u>\$ -</u>	<u>\$16,933</u>	<u>\$110,305</u>
Total Governmental Activities	<u>\$127,238</u>	<u>\$ -</u>	<u>\$16,933</u>	<u>\$110,305</u>
Business-Type Activities:				
This debt represents the Township's share of the Bond to form the Joint venture in the Ishpeming Area Wastewater Treatment Facility. (Final Year – Payment Due in FY 2005)	<u>52,105</u>	<u>-</u>	<u>52,105</u>	<u>-</u>
Total Business-Type Activities	<u>52,105</u>	<u>-</u>	<u>52,105</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	<u>\$179,343</u>	<u>\$ -</u>	<u>\$69,038</u>	<u>\$110,305</u>

NOTE F – PROPERTY TAXES:

The Local Governmental Unit property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31st.

Although the Local Governmental Unit 2004 ad valorem tax is levied and collectible on December 1, 2004, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2004 taxable valuation of the Local Governmental Unit totaled \$65,041,664 on which ad valorem taxes levied consisted of 1.2491 mills for the Local Governmental Unit operation purposes 2.000 mills for Fire Department Services and .4000 mills for street lighting. These amounts are recognized in the respective fund financial statements as revenue.

NOTE G – OTHER POST EMPLOYMENT BENEFITS:

The Township of Ishpeming offers group benefit health insurance coverage under various collective bargaining agreements covering substantially all employees and former employees of the Township. This benefit is accounted for on the pay-as-you-go method, whereby the Township is reporting the amounts paid as expenditures in the year the amount is paid for the benefit provided. The amount paid for employees for the period ended March 31, 2005 was \$-0-.

NOTE H – CONTINGENT LIABILITIES:

Risk Management - The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

NOTE I – PENSION TRUST FUND:

The Township has a pension plan for its all full time employees. This plan is a defined contribution pension plan for Michigan Township Employees. Each employee shall be eligible to participate in the Plan upon attaining age 18 and not more than age 75. There is no minimum service requirement. The Township contributes 10% of the employee's annual salary to the Plan. The total contribution for the year ended March 31, 2005 was \$31,274. In January 2005 the Township started the conversion process from Manufacturers Life to MERS for their pension plan.

NOTE J – JOINT VENTURE:

Ishpeming Area Joint Wastewater Treatment Board

The City of Ishpeming and the Township of Ishpeming entered into an agreement on December 10, 1981 for the purpose of creating the Ishpeming Area Joint Wastewater Treatment Board (Board). The Board shall design, construct, operate and maintain a joint wastewater treatment plant and related facilities. Unless otherwise agreed by the City and Township, the Board shall not levy or assess user charges, sewer rates, or fees directly against individual users of the wastewater treatment plant, but shall instead be reimbursed by contract payments from the City and Township. The City and Township shall be responsible for collecting user charges, sewer rates, fees, penalties and the like from their respective residents and users of the system.

The Township utilizes the equity method of accounting for the activity in its investment in the Facility. Under the equity method the investment is adjusted for any additional capital investments made and its proportionate share of the Facility's results of operations.

A summary of condensed financial information of the Facility, in the aggregate, as of December 31, 2004, is as follows:

Assets	\$ 7,068,321
Liabilities	179,628
Equity - All local units	6,888,693
Operating Revenues	599,756
Operating Expenses	853,578
Other Income	53,020
Net Income (loss)	(200,802)
City's Share of Net Income (loss)	(66,265)

Marquette County Solid Waste Management Authority

In February 1990, the Township of Ishpeming joined 21 other municipalities in the Marquette County Solid Waste Management Authority ("Authority"). The authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structure, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

NOTE J – JOINT VENTURE (Continued):

The Authority is governed by a Board of Trustees consisting of one (1) member (who shall be the Chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The Township's share of assets, liabilities, and fund equity is 10.16 percent. Summary financial information as of and for the fiscal year ended June 30, 2004 is as follows:

Total Assets	\$ 13,084,748
Total Liabilities	2,136,948
Total Net Assets	10,947,800
Total Operating Revenues	3,157,413
Total Operating Expenses	2,065,094
Total Joint Venture's Outstanding Debt	1,033,247

The City of Marquette has pledged its full faith and credit for the Marquette County Solid Waste Management Authority Bonds, Series 1988. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds.

Marquette County issued the Marquette County Solid Waste System Bonds, Series 1991. These bonds are to be paid with a portion of tipping fees designated for bond repayment.

NOTE K – VESTED EMPLOYEE BENEFITS:

Employees can earn sick leave and vacation at various schedules dependent upon their length of employment. Upon retirement, death, termination or disability, employees or their estates are paid for all outstanding vacation and sick days accumulated at their current rate of pay.

	<u>Accrued Sick and Vacation</u>
Primary Government:	
Current portion	\$18,172
Long-term portion	54,517
TOTAL	<u>\$72,689</u>

NOTE L – BUDGET VIOLATIONS:

Public Act 621 of 1978, Section 18(1), as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures have been shown on an activity and/or program level.

NOTE L – BUDGET VIOLATIONS (Continued):

The following activity and/or programs had excess expenditures over appropriations at March 31, 2005:

	<u>Activity/Program</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:				
	Elections	\$ 4,200	\$ 4,657	\$ 457
General Government:				
	Township Hall and Grounds	91,600	93,830	2,230
Public Works:				
	Sanitation	186,287	195,108	8,821
Special Revenue:				
	Fire Fund	355,857	460,666	104,809

REQUIRED SUPPLEMENTAL
FINANCIAL INFORMATION

Township of Ishpeming, Michigan

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2005

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 101,800	\$ 101,800	\$ 111,464	\$ 9,664
State sources	272,000	272,000	266,895	(5,105)
Charges for services	192,100	192,100	192,866	766
Interest	14,500	14,500	24,212	9,712
Other revenues	10,750	10,750	34,095	23,345
TOTAL REVENUES	591,150	591,150	629,532	38,382
EXPENDITURES:				
Legislative	15,700	15,700	6,513	9,187
Elections	4,200	4,200	4,657	(457)
General services and administration	194,936	194,936	183,849	11,087
Public safety	60,550	60,550	57,999	2,551
Public works	211,287	211,287	195,108	16,179
Health and welfare	-	-	-	-
Community and economic development	22,000	22,000	12,919	9,081
Recreation and culture	12,600	12,600	7,274	5,326
Other	143,900	143,900	141,526	2,374
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	665,173	665,173	609,845	55,328
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(74,023)	(74,023)	19,687	93,710
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	(50,000)	(50,000)	-	50,000
TOTAL OTHER FINANCING SOURCES (USES)	(50,000)	(50,000)	-	50,000
CHANGE IN FUND BALANCE	(124,023)	(124,023)	19,687	143,710
Fund balance, beginning of year	983,830	983,830	1,011,202	27,372
FUND BALANCE, END OF YEAR	\$ 859,807	\$ 859,807	\$ 1,030,889	\$ 171,082

Township of Ishpeming, Michigan

FIRE DEPARTMENT FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Taxes	\$ 126,000	\$ 126,000	\$ 133,356	\$ 7,356
State sources	-	-	-	-
Charges for services	43,997	43,997	46,588	2,591
Interest	3,000	3,000	7,918	4,918
Other revenues	700	700	11,912	11,212
TOTAL REVENUES	173,697	173,697	199,774	26,077
EXPENDITURES:				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	355,857	355,857	460,666	(104,809)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	355,857	355,857	460,666	(104,809)
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(182,160)	(182,160)	(260,892)	(78,732)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING				
SOURCES (USES)	-	-	-	-
CHANGE IN FUND BALANCE	(182,160)	(182,160)	(260,892)	(78,732)
Fund balance, beginning of year	381,597	381,597	381,597	-
FUND BALANCE, END OF YEAR	\$ 199,437	\$ 199,437	\$ 120,705	\$ (78,732)

Other Supplemental Information

Township of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2005

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current levy	\$ 77,000	\$ 75,913	\$ (1,087)
Delinquent taxes	200	7,730	7,530
Commercial forest reserve	3,000	2,041	(959)
Swamp tax	-	280	280
Tax collection fees	21,600	25,500	3,900
Total Taxes	<u>101,800</u>	<u>111,464</u>	<u>9,664</u>
State Sources:			
State revenue sharing	272,000	266,895	(5,105)
Total State Sources	<u>272,000</u>	<u>266,895</u>	<u>(5,105)</u>
Charges for Services:			
Sanitation services	172,000	170,805	(1,195)
Administrative services	15,500	16,000	500
Miscellaneous services	4,600	6,061	1,461
Total Charges for Services	<u>192,100</u>	<u>192,866</u>	<u>766</u>
Interest and Rents			
Interest	12,000	22,360	10,360
Rents	2,500	1,852	(648)
Total Interest and Rents	<u>14,500</u>	<u>24,212</u>	<u>9,712</u>
Other Revenues:			
Miscellaneous other	10,750	34,095	23,345
Total Other Revenues	<u>10,750</u>	<u>34,095</u>	<u>23,345</u>
TOTAL REVENUES	<u>591,150</u>	<u>629,532</u>	<u>38,382</u>
EXPENDITURES:			
LEGISLATIVE:			
Township Board:			
Personnel services	5,000	3,288	1,712
Other services and charges	10,700	3,225	7,475
TOTAL LEGISLATIVE	<u>15,700</u>	<u>6,513</u>	<u>9,187</u>
ELECTIONS:			
Personnel services	3,000	2,403	597
Supplies	900	1,783	(883)
Other services and charges	300	471	(171)
TOTAL ELECTIONS	<u>4,200</u>	<u>4,657</u>	<u>(457)</u>

Township of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2005

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
GENERAL SERVICES AND ADMINISTRATION:			
Supervisor:			
Personnel services	\$ 13,286	\$ 12,069	\$ 1,217
Supplies	-	-	-
Other services and charges	700	552	148
Total Supervisor	<u>13,986</u>	<u>12,621</u>	<u>1,365</u>
Assessor:			
Personnel services	35,400	32,088	3,312
Supplies	2,400	1,659	741
Other services and charges	1,200	1,587	(387)
Capital outlay	1,500	-	1,500
Total Assessor	<u>40,500</u>	<u>35,334</u>	<u>5,166</u>
Clerk:			
Personnel services	16,736	16,486	250
Supplies	-	-	-
Other services and charges	450	510	(60)
Capital outlay	1,000	-	1,000
Total Clerk	<u>18,186</u>	<u>16,996</u>	<u>1,190</u>
Board of Review:			
Personnel services	600	576	24
Supplies	-	-	-
Other services and charges	100	-	100
Total Board of Review	<u>700</u>	<u>576</u>	<u>124</u>
Treasurer:			
Personnel services	16,984	16,095	889
Supplies	4,000	38	3,962
Other services and charges	8,980	8,359	621
Total Treasurer	<u>29,964</u>	<u>24,492</u>	<u>5,472</u>
Township Hall and Grounds:			
Personnel services	48,500	45,573	2,927
Supplies	11,000	13,195	(2,195)
Other services and charges	24,600	26,395	(1,795)
Capital outlay	7,500	8,667	(1,167)
Total Township Hall and Grounds	<u>91,600</u>	<u>93,830</u>	<u>(2,230)</u>
TOTAL GENERAL SERVICES AND ADMINISTRATION	<u>194,936</u>	<u>183,849</u>	<u>11,087</u>

Township of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2005

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY:			
Police Department			
Personnel services	\$ 36,000	\$ 34,770	\$ 1,230
Supplies	1,800	5,212	(3,412)
Other services and charges	5,800	3,541	2,259
Capital outlay	5,000	3,760	1,240
Total Police Department	<u>48,600</u>	<u>47,283</u>	<u>1,317</u>
Animal Control:			
Personnel services	10,000	9,191	809
Supplies	400	396	4
Other services and charges	1,550	1,129	421
Total Animal Control	<u>11,950</u>	<u>10,716</u>	<u>1,234</u>
TOTAL PUBLIC SAFETY	<u>60,550</u>	<u>57,999</u>	<u>2,551</u>
PUBLIC WORKS:			
Streets:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	15,000	-	15,000
Capital outlay	10,000	-	10,000
Total Streets	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Sanitation			
Personnel services	8,500	6,495	2,005
Supplies	2,250	501	1,749
Other services and charges	167,631	160,732	6,899
Debt service	7,906	27,380	(19,474)
Total Sanitation	<u>186,287</u>	<u>195,108</u>	<u>(8,821)</u>
TOTAL PUBLIC WORKS	<u>211,287</u>	<u>195,108</u>	<u>16,179</u>
RECREATION AND CULTURE:			
Recreation			
Personnel services	3,800	2,784	1,016
Supplies	2,500	2,101	399
Other services and charges	1,300	1,189	111
Capital Outlay	5,000	1,200	3,800
TOTAL RECREATION AND CULTURE	<u>12,600</u>	<u>7,274</u>	<u>5,326</u>

Township of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2005

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
COMMUNITY AND ECONOMIC DEVELOPMENT			
Zoning:			
Personnel services	\$ 8,500	\$ 7,143	\$ 1,357
Supplies	1,000	245	755
Other services and charges	12,500	5,531	6,969
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	<u>22,000</u>	<u>12,919</u>	<u>9,081</u>
OTHER EXPENDITURES			
Fringe Benefits	78,400	93,568	(15,168)
Insurance and Bonds	25,000	20,918	4,082
Miscellaneous	40,500	27,040	13,460
TOTAL OTHER EXPENDITURES	<u>143,900</u>	<u>141,526</u>	<u>2,374</u>
TOTAL EXPENDITURES	<u>665,173</u>	<u>609,845</u>	<u>55,328</u>
EXCESS OF REVENUES OVER			
(UNDER) EXPENDITURES	<u>(74,023)</u>	<u>19,687</u>	<u>93,710</u>
OTHER FINANCING SOURCES (USES):			
Transfers In:	-	-	-
Transfers (Out):	(50,000)	-	50,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
CHANGE IN FUND BALANCE	<u>(124,023)</u>	<u>19,687</u>	<u>143,710</u>
Fund balance, beginning of year	983,830	1,011,202	27,372
FUND BALANCE, END OF YEAR	<u>\$ 859,807</u>	<u>\$ 1,030,889</u>	<u>\$ 171,082</u>

Township of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS
FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2005

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current levy	\$ 120,000	\$ 119,831	\$ (169)
Delinquent taxes	4,000	10,076	6,076
Commercial forest reserve	2,000	3,449	1,449
Total Taxes	126,000	133,356	7,356
Charges for Services:			
Fire calls	43,997	46,588	2,591
Total Charges for Services	43,997	46,588	2,591
Interest:			
Interest income - investments	3,000	7,918	4,918
Total Interest	3,000	7,918	4,918
Other Revenue:			
Other Revenue	700	11,912	11,212
Total Other Revenues	700	11,912	11,212
TOTAL REVENUES	173,697	199,774	26,077
EXPENDITURES:			
Public Safety			
Fire Department:			
Personnel services	10,500	10,576	(76)
Supplies	5,000	10,567	(5,567)
Other services and charges	75,357	84,216	(8,859)
Capital Outlay	265,000	355,307	(90,307)
Total Fire Department	355,857	460,666	(104,809)
Total Public Safety	355,857	460,666	(104,809)
TOTAL EXPENDITURES	355,857	460,666	(104,809)
EXCESS OF REVENUES OVER			
(UNDER) EXPENDITURES	(182,160)	(260,892)	(78,732)
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	-
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
CHANGE IN FUND BALANCE	(182,160)	(260,892)	(78,732)
Fund balance, beginning of year	381,597	381,597	-
FUND BALANCE, END OF YEAR	\$ 199,437	\$ 120,705	\$ (78,732)

Township of Ithpeming, Michigan

NON-MAJOR
GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2005

	Senior Citizen Fund	Street Improvement Fund	Capital Improvement Fund	Recreation Fund	Streetsight Fund	Budget Stabilization Fund	Special Revenue Fund Total Governmental Funds
ASSETS							
Cash and investments	\$ 1,168	\$ 283,210	\$ 74,369	\$ 34,004	\$ 37,114	\$ 175,798	\$ 605,663
Accounts receivable	-	-	15,628	-	1,987	-	17,615
Due from other funds	-	-	-	-	23,297	-	23,297
TOTAL ASSETS	\$ 1,168	\$ 283,210	\$ 89,997	\$ 34,004	\$ 62,398	\$ 175,798	\$ 646,575
LIABILITIES AND FUND BALANCE							
LIABILITIES:							
Accounts payable	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCE:							
Unreserved	1,168	283,210	89,997	34,004	62,398	175,798	646,575
TOTAL FUND BALANCE	1,168	283,210	89,997	34,004	62,398	175,798	646,575
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,168	\$ 283,210	\$ 89,997	\$ 34,004	\$ 62,398	\$ 175,798	\$ 646,575

Township of Ishpeming, Michigan

NON-MAJOR
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended March 31, 2005

	Senior Citizens Fund	Street Improvement Fund	Capital Improvement Fund	Recreation Fund	Streetsight Fund	Budget Stabilization Fund	Special Revenue Fund Total Governmental Funds
REVENUES:							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 25,626	\$ -	\$ 25,626
Interest	33	7,967	2,764	1,007	1,377	8,289	21,437
Other	-	-	15,628	-	2,807	-	18,435
TOTAL REVENUES	33	7,967	18,392	1,007	29,810	8,289	65,498
EXPENDITURES:							
General Government	-	-	-	-	-	-	-
Public Works	-	-	-	-	27,442	-	27,442
Recreation and Culture	126	-	-	100	-	-	226
Capital Outlay	-	-	20,301	-	-	-	20,301
Other Functions	-	-	-	-	-	-	-
TOTAL EXPENDITURES	126	-	20,301	100	27,442	-	47,969
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(93)	7,967	(1,909)	907	2,368	8,289	17,529
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
CHANGE IN FUND BALANCE	(93)	7,967	(1,909)	907	2,368	8,289	17,529
Fund balance, beginning of year	1,261	275,243	91,906	33,097	60,030	167,509	629,046
FUND BALANCE, END OF YEAR	\$ 1,168	\$ 283,210	\$ 89,997	\$ 34,004	\$ 62,398	\$ 175,798	\$ 646,575

Township of Ishpeming, Michigan

**NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
SENIOR CITIZENS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2005

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest:	\$ 10	\$ 33	\$ 23
Other:	-	-	-
TOTAL REVENUES	<u>10</u>	<u>33</u>	<u>23</u>
EXPENDITURES:			
Recreation and Culture:			
Senior Citizens:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	150	126	24
Capital outlay	-	-	-
Total Senior Citizens	<u>150</u>	<u>126</u>	<u>24</u>
TOTAL EXPENDITURES	<u>150</u>	<u>126</u>	<u>24</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(140)</u>	<u>(93)</u>	<u>47</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	1,000	-	(1,000)
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
CHANGES IN FUND BALANCE	<u>860</u>	<u>(93)</u>	<u>(953)</u>
Fund balance, beginning of year	<u>252</u>	<u>1,261</u>	<u>1,009</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 1,112</u></u>	<u><u>\$ 1,168</u></u>	<u><u>\$ 56</u></u>

Township of Ishpeming, Michigan

**NON-MAJOR GOVERNMENTAL FUNDS
STREET IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2005

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest:	\$ 4,000	\$ 7,967	\$ 3,967
Other:	-	-	-
TOTAL REVENUES	4,000	7,967	3,967
EXPENDITURES:			
Public Works:			
Streets:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital Outlay	130,000	-	130,000
Total Streets	130,000	-	130,000
Total Public Works	130,000	-	130,000
TOTAL EXPENDITURES	130,000	-	130,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(126,000)	7,967	133,967
OTHER FINANCING SOURCES (USES):			
Transfers In	50,000	-	(50,000)
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	50,000	-	(50,000)
CHANGE IN FUND BALANCE	(76,000)	7,967	83,967
Fund balance, beginning of year	275,243	275,243	-
FUND BALANCE, END OF YEAR	\$ 199,243	\$ 283,210	\$ 83,967

Township of Ishpeming, Michigan

**NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
CAPITAL IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2005

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest:	\$ 2,000	\$ 2,764	\$ 764
Other:	19,000	15,628	(3,372)
TOTAL REVENUES	<u>21,000</u>	<u>18,392</u>	<u>(2,608)</u>
EXPENDITURES:			
Capital Outlay:			
Capital Outlay:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	50,000	20,301	29,699
Total Capital Outlay	50,000	20,301	29,699
TOTAL EXPENDITURES	<u>50,000</u>	<u>20,301</u>	<u>29,699</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,000)</u>	<u>(1,909)</u>	<u>27,091</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>(29,000)</u>	<u>(1,909)</u>	<u>27,091</u>
Fund balance, beginning of year	91,906	91,906	-
FUND BALANCE, END OF YEAR	<u>\$ 62,906</u>	<u>\$ 89,997</u>	<u>\$ 27,091</u>

Township of Ishpeming, Michigan

**NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
RECREATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2005

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest	\$ 750	\$ 1,007	\$ 257
Other	50	-	(50)
TOTAL REVENUES	800	1,007	207
EXPENDITURES:			
Recreation and Culture:			
Recreation:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	5,800	100	5,700
Total Recreation	5,800	100	5,700
TOTAL EXPENDITURES	5,800	100	5,700
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,000)	907	5,907
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-
CHANGES IN FUND BALANCE	(5,000)	907	5,907
Fund balance, beginning of year	33,097	33,097	-
FUND BALANCE, END OF YEAR	\$ 28,097	\$ 34,004	\$ 5,907

Township of Ishpeming, Michigan

**NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
STREETLIGHT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2005

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Taxes:			
Current levy	\$ 22,935	\$ 23,166	\$ 231
Delinquent taxes	-	1,987	1,987
Commercial forest reserve	-	473	473
Total Taxes	<u>22,935</u>	<u>25,626</u>	<u>2,691</u>
Interest:			
Investment interest	400	1,377	977
Total Interest	<u>400</u>	<u>1,377</u>	<u>977</u>
Other:			
Other revenue	1,200	2,807	1,607
Total Other	<u>1,200</u>	<u>2,807</u>	<u>1,607</u>
TOTAL REVENUES	<u>24,535</u>	<u>29,810</u>	<u>5,275</u>
EXPENDITURES:			
Public Works:			
Streetlights:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	30,500	27,442	3,058
Capital outlay	-	-	-
Total Streetlights	<u>30,500</u>	<u>27,442</u>	<u>3,058</u>
TOTAL EXPENDITURES	<u>30,500</u>	<u>27,442</u>	<u>3,058</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,965)</u>	<u>2,368</u>	<u>8,333</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>(5,965)</u>	<u>2,368</u>	<u>8,333</u>
Fund balance, beginning of year	<u>60,030</u>	<u>60,030</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 54,065</u>	<u>\$ 62,398</u>	<u>\$ 8,333</u>

Township of Ishpeming, Michigan

**NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
BUDGET STABILIZATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2005

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest	\$ -	\$ 8,289	\$ 8,289
Other	-	-	-
TOTAL REVENUES	<u>-</u>	<u>8,289</u>	<u>8,289</u>
EXPENDITURES:			
Other Functions:			
Other Functions:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	-	-	-
Total Other Functions	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>8,289</u>	<u>8,289</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>8,289</u>	<u>8,289</u>
Fund balance, beginning of year	167,509	167,509	-
FUND BALANCE, END OF YEAR	<u>\$ 167,509</u>	<u>\$ 175,798</u>	<u>\$ 8,289</u>

Township of Ishpeming, Michigan

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

March 31, 2005

	Trust & Agency Fund	Tax Collection Fund	Total
ASSETS			
Cash and investments	\$ 7,658	\$ 247,299	\$ 254,957
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ 7,658</u>	<u>\$ 247,299</u>	<u>\$ 254,957</u>
LIABILITIES			
Due to other funds	\$ 5,000	\$ 247,299	\$ 252,299
Due to others	2,658	-	2,658
TOTAL LIABILITIES	<u>\$ 7,658</u>	<u>\$ 247,299</u>	<u>\$ 254,957</u>

COMPLIANCE SUPPLEMENTS



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE
WISCONSIN
GREEN BAY
MILWAUKEE

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Supervisor and Township Board of Trustees
1575 US Highway 41, West
Township of Ishpeming, Michigan, 49849

We have audited the governmental activities, business-type activities, major funds, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the Township of Ishpeming, Michigan as of and for the year ended March 31, 2005, and have issued our report thereon dated June 17, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Ishpeming, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These instances are described in a separate letter to Management dated June 17, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Ishpeming, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide our opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and Township Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 17, 2005



ANDERSON, TACKMAN & COMPANY, P.L.C.

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*Township of Ishpeming, Michigan
Report to Management Letter
For the Year Ended March 31, 2005*

To the Honorable Supervisor and Members of
The Township Board
Township of Ishpeming, Michigan
Ishpeming, MI 49849

In planning and performing our audit of the financial statements of the Township of Ishpeming, Michigan for the year ended March 31, 2005; we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgement, could affect the Township of Ishpeming, Michigan's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Instances of Non-Compliance

Uniform Budgeting and Accounting Act (P.A. 621)

The State of Michigan has enacted Public Act 621, the Uniform Budgeting and Accounting Act, to provide for a system of uniform procedures for the preparation and execution of budgets in local units of government. The purpose of P.A. 621 is to require that all local units of government adopt balanced budgets, to establish responsibilities and define the procedure for the preparation, adoption and maintenance of the budget, and to require certain information for the budget process, including data for capital construction projects. The major provisions of P.A. 621 are as follows:

1. Local Units of government must adopt a budget.
2. The budget, including accrued deficits and available unappropriated surpluses, must be balanced.
3. The budget must be amended when necessary.
4. Debt shall not be entered into unless the debt is permitted by law.
5. Expenditures shall not be incurred in excess of the amount appropriated.
6. Expenditures shall not be made unless authorized in the budget.
7. Violations of the act, disclosed in an audit of the financial records, in the absence of reasonable procedures, shall be filed with the State Treasurer and reported to the Attorney General.

To the Honorable Supervisor and Members of
The Township Board
Township of Ishpeming, Michigan

The Township was found to be in violation of the legal and contractual provisions of the Uniform Budgeting and Accounting Act (Public Act 621) in certain individual funds as enumerated upon in the Footnotes of the financial statements.

* * * * *

This report is intended solely for the information and use of the Township of Ishpeming, Michigan's Board, management, and other legislative or regulatory body and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township of Ishpeming, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 17, 2005



ANDERSON, TACKMAN & COMPANY, P.L.C.

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GREEN BAY
MILWAUKEE

June 17, 2005

To the Honorable Supervisor and Township Board
Ishpeming Township, Michigan
1575 US Highway 41, West
Ishpeming, MI 49846

We have audited the financial statements of the Township of Ishpeming, Michigan for the year ended March 31, 2005, and have issued our report thereon dated June 17, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township of Ishpeming, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township of Ishpeming, Michigan are described in Footnotes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Township of Ishpeming, Michigan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

To the Honorable Supervisor and Township Board
Ishpeming Township, Michigan

Significant Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgement, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township of Ishpeming, Michigan's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township of Ishpeming, Michigan, either individually or in the aggregate, indicate matters that could have a significant effect on the Township of Ishpeming, Michigan's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Ishpeming, Michigan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in the performance of our audit.

Conclusion

This information is intended solely for the use of the Township of Ishpeming, Michigan Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants